

**PORT COMMISSION MINUTES OF THE REGULAR MEETING
TUESDAY, MARCH 8, 2005**

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b. Request was presented for authorization for:

1) Director, Cargo and Cruise Services; General Manager, Container; Chief Engineer; Manager Procurement Services; General Manager, Port Construction Services; Director, Health Environmental and Risk Services; and the Project Manager to perform work including environmental review and studies; engineering and geotechnical studies; obtaining permits; preparation of plans and specifications; award and execution of contracts for outside professional services; pre-purchase of materials; and award and execution of major and small works contracts for funding of construction of Terminal 106 West Yard Improvements, including the demolition of Building 106-1 in the amount of \$9,400,000; and,

2) Chief Executive Officer to execute a lease with SSA Terminals (SSAT) for the Terminal 106 West property.

Presenters: Michael Burke, Director, Cargo and Cruise Services, and Dakota Chamberlain, Manager, Seaport Project Management.

Request Document: Messrs. Burke and Chamberlain's Commission Agenda Memorandum dated February 10, 2005.

SCOPE OF WORK

If approved, work at Terminal 106 West would include design and permitting for the following items:

- Demolition of Building T-106-1
- Construct paved container yard
- Construct and install all utilities and drainage necessary to support container operations
- Construct guard house, gate house/office, and a maintenance and repair area, and associated improvements
- Installation of 8' high perimeter security fencing
- Construct and install container yard lighting
- Construct traffic revisions along 8th Ave South between Nevada and Idaho Streets
- Construct and implement security measures necessary to support container yard operations

FINANCIAL IMPLICATIONS

Cost Estimate

The cost estimate for this project is to be \$9,400,000 and is summarized below

Demolition Costs	\$1,704,352
Yard Improvement Costs	\$5,779,380

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Overhead \$1,897,933

Total Costs \$9,400,000

Source of Funds

The capital costs associated with this project will be funded from CIP C102557. The project was not part of the committed Plan of Finance, but was included in the list of funded prospective projects (status 2) at an estimated cost of \$7 million. The source of funds for this CIP is the general fund and tax levy.

MAJOR ELEMENTS OF PROPOSED LEASE

Premises: Approximately 15.2 acres of T106-W
Rent: Initial rent is at \$70,846/month, 20% rent increases every 5 years
Term: Initial 15 year term commencing on the date of issuance of the
 Certificate of Occupancy, with Two (2) five-year options
Port Contribution
Costs: \$9,400,000 (described under Scope of Work)

PROJECT SCHEDULE

This project is scheduled to be completed in December 2005.

Commissioners and staff discussed container volume projections/forecast; analysis of the alternatives considered including other uses of the property and financial return to the Port, opportunity costs or residual value, market rates; business objectives of attracting and retaining container customers; congestion relief at Terminal 18; cargo operations in the harbor and opportunity for growth, etc.

Responding to Commissioner Davis regarding the project schedule and required permits, Messrs. Knudsen and Chamberlain advised that the Port continues a cooperative relationship with the City with respect to applying for/receiving the necessary permits and that the process for the permits related to this project are in the queue. They also advised that cleanup costs associated with the building demolition is included in the construction funding amount.

Mr. Knudsen reported that staff would return to the Commission at a future meeting to request funds for a planning study with respect to handling cargo volumes beyond three million Twenty-foot Equivalent Unit (TEU) containers. He advised the elements of the study would include the infrastructure that would be required to handle those volumes, timeline, balancing Port efforts with other partners including the railroads, etc.

Commissioner Davis moved approval of Item 7b. **Motion unanimously carried.**

8. AVIATION ITEMS